

BF-1140

Comptroller

1 March 1955

Chief, Finance Division

Relocation and Reorganization of Operations and Liaison Branch,
Finance Division

Ref: Memorandum for DD/A from C/Management Staff, dated 1 February 1955,
above subject.

1. The following paragraphs contain facts and views of this Division relating to the proposal set forth in reference.

2. The proposal to relocate and reorganize the O & L Branch of the Finance Division appears to be based on a misconception of the total scope of activity of the Branch, its relationship to and reliance on the responsibilities and functions of other elements of the Finance Division and the adverse effect adoption of the proposal would have on the ability of the Finance Division to economically, efficiently, and uniformly exercise its responsibility for objective and effective control over the use of funds and financial support of operations.

3. Reference memorandum indicates that the objective of the proposal is to provide more effective financial support of Clandestine Services. We certainly agree with and support this objective. We do not agree, however, as implied by the reference memorandum, that current financial support is not effective or that flow of documentation between the O & L Branch and the Area Divisions is the sole factor to be considered in appraising the effectiveness and efficiency of financial support.

4. Effective implementation of the proposal to relocate and reorganize the O & L Branch, must presuppose that, for practical operating purposes, the various O & L Sections are to function as independent, self-sufficient units, which may take unilateral, final action on most financial matters without consultation or coordination with any other element of Finance Division. If such premise is not accepted, it must be assumed that official files maintained by and controls effected through utilization of Finance Division Registry will continue, that O & L officers will continue to coordinate with Monetary Branch on matters of disbursement, funding and collection; with Accounts Branch on all matters of accounting techniques, accounting records, analysis and reports; with Proprietary Accounts Branch on proprietary project activities, and with the Office of the Chief, O & L Branch and Office of the Chief, Finance Division, on matters of policy and transactions of major significance.

- 2 -

5. In this latter case, the Proposed Procedure Fig. II, Tab D, of the reference memorandum would not represent the flow of documentation which would be obtained, but rather the flow would at least be extended to include Finance Division Registry, return to Area Division (O & L officer), return to Finance Division Registry, and, in the case of replies, return to Area Division for release. It is obvious that such processing would further delay routing of documentation even when, as in the case of the reference proposal, effect on Finance Division inter-branch relationship and processing is ignored.

6. The effect of the proposal on Finance Division operations is best illustrated by the fact that every single cable, dispatch, or accounting handled by an O & L officer must also be processed by another element of Finance Division and in many cases, involves personal coordination between the O & L officer and another element of Finance Division. Conversely, only a nominal percentage of cables, dispatches and accountings received in Finance Division require any personal contact with the Area Division, or even require further action by the Area Division after original release to Finance Division. Any advantage of convenience to the Area Division would be far outweighed by the inconvenience and waste of time which would accrue to Finance Division if O & L officers were required to operate at arms length from Finance Division.

7. In addition to loss of effectiveness and efficiency by this Division, adoption of the proposal would also tend to isolate this office from the operations for which it is responsible to such a degree as to severely hamper and restrict its opportunity to exercise the direction necessary to assure uniform standards of financial control and accountability.

8. Consideration of this proposal in relation to the present published organization chart of the O & L Branch is also misleading. Because of shifting workloads and lack of experienced senior personnel, the Branch is operating with four (4) instead of the five (5) O & L Sections reflected on the organization chart. Further, the Branch is currently in the process of an additional adjustment which will result in reduction of the Branch to three (3) O & L Operating Sections.

9. Contrasted with three Operating Sections, requiring three (3) Senior Certifying Officers, reference proposed eight (8) Operating Sections requiring eight (8) Senior Certifying Officers.

10. At the present time, with the possible exception of the FE Division, no single office or Division has a sufficient volume of activity to warrant assignment of a full time Senior Certifying Officer. Notwithstanding this fact, adoption of reference proposal would require assignment of such an officer to each Area Division.

SECRET

- 3 -

11. Implementation of the proposal would require an increase of 60% in the number of Senior Certifying Officers provided for in the present T/O, an increase of 100% in the number utilized under recent operating structure, and an increase of $166\frac{2}{3}\%$ in the number required under the operating structure now being established.

12. No figures are presented with respect to distribution of other personnel of the O & L Branch who support the Certifying Officer and participate in the discharge of his responsibility. It is rather obvious, however, that considerable increases in staff would be required in these categories also. This is particularly evident by review of time records of the O & L Branch which reveal that a major portion of the time of auditors and certifying officers is devoted to activities which require contact with, and must take place in, Finance Division. Thus it would not be possible to transfer full staffs to Area Divisions, but each staff would have to be divided, with minimum provision at the Division level, even though volume of work may not justify.

13. Fluctuating workloads, special projects, and other requirements, on-the-job training, and rotation programs, all require complete flexibility in the utilization of personnel within the Finance Division. Based on the impact of these factors from day to day, certifying officers, auditors, and others are transferred from unit to unit as required to maintain control of work and provide appropriate training. This flexibility would, for all practical purposes, be eliminated under the referenced proposal.

14. In commenting on the proposal, it is noted that the office of SO/P expressed the view that the arrangement should prove convenient to his offices, but that space problems would permit its implementation on a pilot basis only in the NEA and WH Divisions at this time. Volume of WH activity is among the lowest of any Area Division, and would not, under any circumstances, justify assignment of a certifying officer. NEA Division is presently located immediately below and adjacent to the Finance Division thus, it is most improbable that even convenience to the Area Division would be improved by adoption of the proposal in this instance.

15. In summary, it is the opinion of this office that relocation of the O & L Branch as proposed by reference would:

- (a) Weaken, rather than strengthen, ability of Finance Division to render effective, full financial support of operations.
- (b) Materially increase time required to process transactions and reflect financial activity in the official records of the Agency.

SECRET

- 4 -

- (c) Result in weakening of control over financial operations and uniform application of financial policies.
- (d) Result in a material increase in manpower and cost without compensating improvement in ability to render financial support or control.

16. In view of the above, it is strongly recommended that you do not concur in the reference proposal, and recommend to the Deputy Director (Support) that he disapprove the proposal.

 25X1A9a